

**Mid-Year Report to the Public Service Commission of South Carolina
Submitted by South Carolina Electric & Gas Company
Pursuant to Public Service Commission Order No. 2009-87**

As of June 30, 2009

I. Background

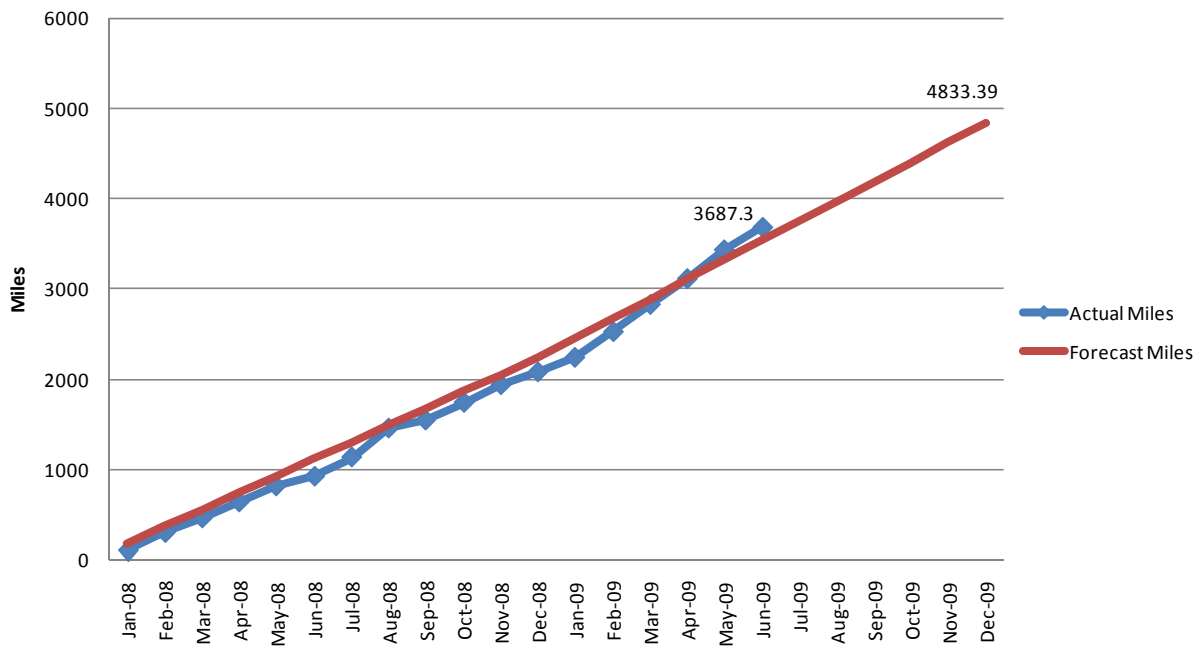
On February 26, 2009, the Public Service Commission of South Carolina (“Commission”) issued Commission Order No. 2009-87 (“Order”) authorizing South Carolina Electric & Gas Company (“SCE&G” or “Company”) to withdraw up to a maximum of \$9,000,000 during the 2008-2009 time period from its Storm Damage Reserve Fund to offset incremental costs, defined as annual costs in excess of the level currently provided for in base rates (approximately \$13.2 million), incurred in connection with the Company’s distribution and transmission tree trimming and vegetation management programs. In its Order, the Commission required SCE&G to file a mid-year report no later than August 15, 2009 showing:

1. SCE&G’s progress through June 30, 2009.
2. SCE&G’s vegetation management plan.
3. Circuits that have been cleared.
4. Cost per circuit cleared.
5. Before and after pictures.
6. Before and after data of outages.
7. The Balance in the Storm Damage Reserve Fund as of June 30, 2009.
8. The amount withdrawn from the Storm Damage Reserve Fund relating to the Tree Trimming and Vegetation Management Program as of June 30, 2009.

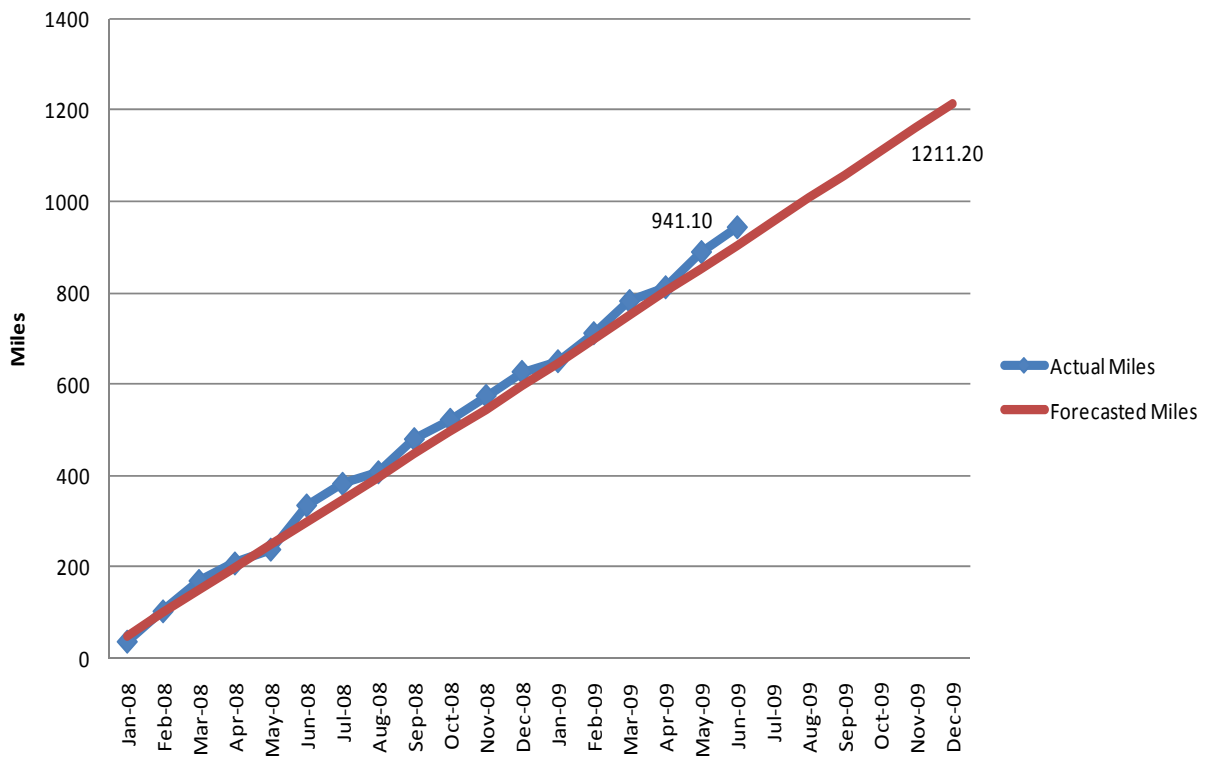
II. Progress through June 30, 2009

In an effort to improve reliability across SCE&G’s system and improve tolerance to weather related events such as ice storms, severe thunderstorms, tropical storms and hurricanes, SCE&G anticipates completing tree trimming and vegetation management activities along approximately 4,833 miles of distribution line and approximately 1,211 miles of transmission line over the two year period covering calendar years 2008 and 2009. As of June 30, 2009, the Company has completed approximately 3,687 miles or 76% of its planned tree trimming and vegetation management activities along its distribution lines. The Company has completed approximately 941 miles or 78% of its planned tree trimming and vegetation management activities along its transmission lines. The graphs below show the Company’s actual progress in miles versus its planned activities.

2008-2009 Distribution Line Clearing



2008-2009 Transmission Line Clearing



III. Vegetation Management Plan

SCE&G maintains both a transmission and distribution vegetation management plan. In 2006, the North American Reliability Council (NERC) issued Reliability Standard FAC-003-1 requiring electric utilities to maintain a formal transmission vegetation management program. A copy of SCE&G's formal transmission vegetation management program is attached hereto as Exhibit A.

In addition, the Company has implemented a distribution vegetation management program ("DVMP") which is modeled after its formal transmission vegetation management program and includes the following basic criteria:

- Circuit Reliability
- Last Trim Date of Circuit
- Critical Customers on Circuit – *i.e.*, hospitals, lift stations.
- Management Input/Condition of Circuit

More specifically, the Company (i) assigns each circuit a reliability index, (ii) identifies each circuit's most recent tree trimming and vegetation management cycle, (iii) identifies critical customers (*i.e.*, hospitals) using electric power on each circuit, and (iv) discusses vegetation management practices with the Company's local operating managers who are responsible for overseeing the management of each circuit. Each circuit is evaluated and prioritized according to the line clearing criteria stated above.

In order to implement its DVMP, the Company issues requests for proposals offering vegetation management contractors the opportunity to submit bids on the tree trimming/vegetation management activities that SCE&G seeks to perform. After evaluating the bids, SCE&G selects various contractors to perform the necessary tree trimming/vegetation management activities. The Company then assigns these contractors to specific geographical areas within each circuit and dispatches them to perform the necessary work. SCE&G assigns local operating personnel from the Company to monitor the activities of the contractors to ensure strict adherence to the DVMP. As work is performed under the DVMP, the management of SCE&G's electric operations reviews the program's results and expenses on a monthly basis.

Approximately one year after conducting the initial tree trimming and vegetation management on various circuits under the DVMP, SCE&G returns to the areas previously maintained and applies foliar herbicide which suppresses the sprouting of unwanted vegetation such as volunteer gum, oak, and pine while simultaneously promoting the growth of native grasses on the Company's rights-of-way.

IV. Circuits that Have Been Cleared and Cost per Circuit

Below are tables which contain information identifying the distribution and transmission circuits that SCE&G has cleared during the 2009 time period. In addition, these tables show the total cost to clear the circuit and the cost per mile for each circuit. Note that these tables only include circuits that have been cleared in their entirety, whereas the graphs in section II of this report include all clearing activity, including circuits where clearing activities are still in progress.

A. Distribution

Columbia

Circuit	Cost	Miles	Cost per mile
Parr 11232	\$18,691	15.16	\$1,232.92
Uptown 52211	\$10,578	1.4	\$7,555.71
Uptown 52611	\$22,667	3	\$7,555.67
Calhoun Street 79112	\$16,622	2.2	\$7,555.45
VC Summer 25042	\$6,965	2.4	\$2,902.08
Minnie Wicker 8155	\$6,287	2.3	\$2,733.48
Parr 11132	\$139,960	38.4	\$3,644.79
Sandbar Rd 300	\$11,269	1.5	\$7,512.67
Cole Trestle 200	\$2,741	0.7	\$3,915.71
Victory Garden 23311	\$76,635	8.5	\$9,015.88
Saluda Hydro 19112	\$133,788	21.4	\$6,251.78
Sandhill 74512	\$79,885	8.8	\$9,077.84
Belmont 82012	\$160,712	16.1	\$9,982.11
Belmont 84112	\$247,432	17.2	\$14,385.58
Sparkleberry 63102	\$3,897	0.7	\$5,567.14
Dentsville 89012	\$217,189	17.7	\$12,270.56
Five Points 24312	\$13,230	2.7	\$4,900.00
Calhoun Street 79212	\$20,580	4.2	\$4,900.00
Total - Columbia	\$1,189,128	164.4	\$7,234.90

Charleston

Circuit	Cost	Miles	Cost per mile
Maryville 93042	\$169,040	15.8	\$10,698.73
Riverland Terrace 11532	\$75,725	7.88	\$9,609.77
Riverland Terrace 11552	\$46,097	14.59	\$3,159.49
Accabee 05412	\$29,725	12.35	\$2,406.88
Accabee 05422	\$46,167	15.72	\$2,936.83
Shipyard 12,22,42,62	\$3,171	1.29	\$2,458.14
Osceola Park 90452	\$25,306	7.13	\$3,549.23
Accabee 05432	\$107,892	16.06	\$6,718.06
Accabee 90802	\$164,611	15.75	\$10,451.49
Adams Run 80112	\$533,459	94.1	\$5,669.06
Maryville 90112	\$7,211	1.03	\$7,000.97
Maryville 90122	\$16,087	4.62	\$3,482.03
Ashley Phosphate 90392	\$59,709	3.23	\$18,485.76
Bosch 90772	\$22,321	2.43	\$9,185.60
Total - Charleston	\$1,306,521	211.98	\$6,163.42

Low Country District

Circuit	Cost	Miles	Cost per mile
Swansea 14732	\$251,431	61.28	\$4,102.99
Wagner 73911	\$241,625	58.89	\$4,102.99
Holly Hill 20362	\$214,809	54	\$3,977.94
Total Low Country District	\$ 707,865	174	\$4,064.22

Southern District

Circuit	Cost	Miles	Cost per mile
Shell Point 60402	\$99,161	13.82	\$7,175.18
Bft Ind Park 60042	\$45,029	9.17	\$4,910.47
Hardeeville 2052	\$203,928	56.74	\$3,594.08
Bluffton 60942	\$17,864	3.5	\$5,104.00
Ridgeland 60282	\$353,720	105.13	\$3,364.60
Garden's Corner 60712	\$573,229	121.64	\$4,712.50
Fairfax Central 40112	\$43,039	15.64	\$2,751.85
Farifax Central 40232	\$43,265	9.37	\$4,617.40
Ridgeland 60162	\$245,910	82	\$2,998.90
Total Southern District	\$1,625,145	417	\$3,897.14

Western District

Circuit	Cost	Miles	Cost per mile
Kempson Bridge 10042	\$24,087	5.91	\$4,075.63
Lake Murray Estates 0514	\$10,800	2.72	\$3,970.59
Silver Bluff 30302	\$202,320	45.79	\$4,418.43
Troy 01772	\$100,216	24.31	\$4,122.42
Willington 01782	\$86,954	34.37	\$2,529.94
Batesburg 62311	\$40,526	7.19	\$5,636.44
Batesburg 62311	\$40,526	7.27	\$5,574.42
Southside 35162	\$19,051	2.18	\$8,738.99
Total Western District	\$ 524,480	130	\$4,042.55

B. Transmission

Circuit	Cost	Miles	Cost per mile
Lyles - Richtex	\$11,684	3.07	\$3,806
Burton Trans-Parris Island	\$117,330	8.25	\$14,222
Urquhart-Jackson	\$61,545	15.53	\$3,963
Dunbar Rd.-Orangeburg-Tee Pak	\$21,749	7.89	\$2,757
Graniteville-Belvedere Sw Sta #1	\$23,400	10.31	\$2,270
Graniteville-Belvedere Sw Sta #2	\$33,508	21.04	\$1,593
Lyles-Denny Terrace 115kV Line #1	\$9,263	2.62	\$3,535
Lyles-Denny Terrace 115kV Line #2	\$8,892	2.5	\$3,557
Urquhart-Georgia #1 Tie	\$650	0.1	\$6,500
Urquhart-Georgia #2 Tie	\$650	0.1	\$6,500
Wateree-Lyles	\$42,570	8.67	\$4,910
Lyles-Denny Terrace 230kV	\$11,179	2.59	\$4,316
Hanahan Trans-Charleston Trans	\$97,413	10.08	\$9,664
Orangeburg-Cameron 46kV	\$56,057	24.43	\$2,295
Barnwell Trans-Denmark Trans	\$65,828	19.1	\$3,446
Wateree-Columbia Ind Pk 230kV	\$84,628	24.36	\$3,474
Wateree-Edenwood 230kV	\$33,275	9.42	\$3,532
Total Transmission	\$679,621	170.06	\$3,996

V. Before and After Pictures

Below are photographs of portions of circuits that have been cleared. These photographs show the positive results of SCE&G's tree trimming and vegetation management activities.

Charleston- Riverland Terrace ckt 11532



Before



After

LowCountry – Swansea 14732



Before



After

Southern – Hardeeville 02052



Before



After

Southern- Ridgeland ckt 60282 Corner of Logan Street



Before



After

Southern- Garden's Corner 60712



Before



After

Columbia- Sandhill ckt 74512

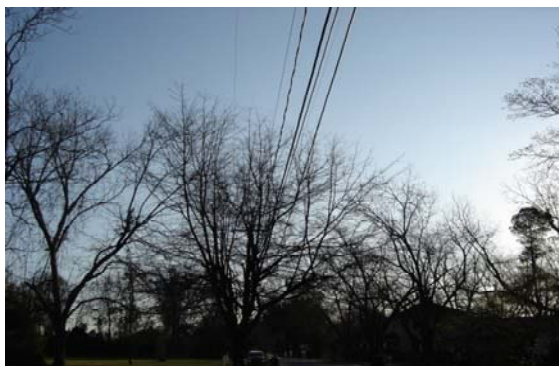


Before



After

Western- Batesburg ckt 62311



Before



After

Wateree – Lyles 230 kv line Edenwood – Lyles section

Before



After



Yemassee – Burton 230kv

Before



After



Summerville – Williams 230kv *Mowing*

Before



After



McMeekin – Coit 115kv line

Before



After



Lexington Transmission - Lexington West Side 115KV line *Spot Trimming*

Before



After



McMeekin – Lyles 115KV lines 1&2

Before



After



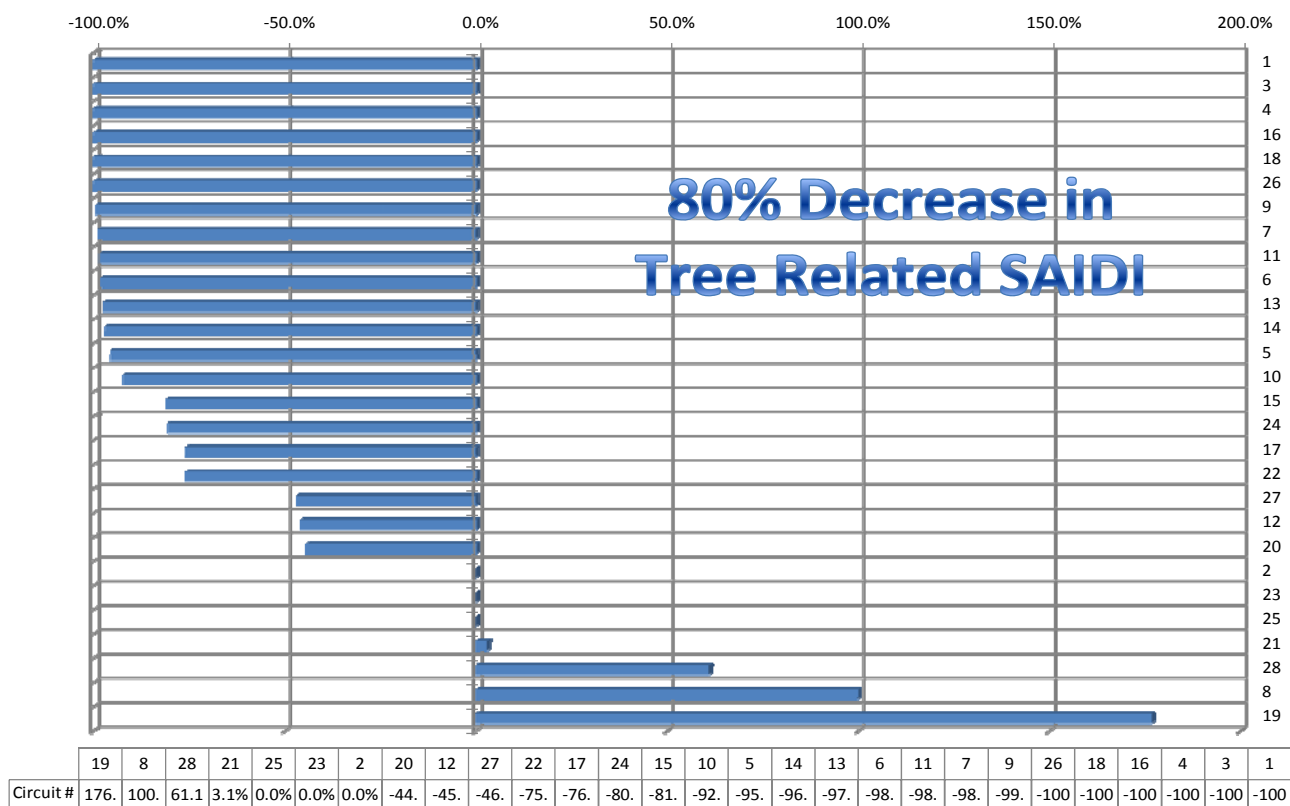
VI. Before and After Data of Outages

SCE&G uses the System Average Interruption Duration Index (“SAIDI”) to measure its frequency and duration of outages. The tables below depict all tree related SAIDI for the first six months of 2009 versus the first six months of 2008 for circuits cleared to the distribution vegetation management program specifications during the period June 1, 2008 through December 31, 2008.

Circuit #	District	Substation	2008 SAIDI	2009 SAIDI	% Difference
1	Chas	Riverland Terrace	90.37	0.00	-100.0%
3	Chas	Northbridge	102.20	0.00	-100.0%
4	Chas	Deer Park	5.83	0.00	-100.0%
16	Chas	Northbridge	78.60	0.00	-100.0%
18	Cola	Uptown	3.08	0.00	-100.0%
26	Cola	Uptown	0.11	0.00	-100.0%
9	Cola	Saluda Hydro – LX	184.49	1.08	-99.4%
7	Sou	00009 Bamberg 46/13 - HM	249.68	2.98	-98.8%
11	LowC	Smoaks – WB	58.15	0.93	-98.4%
6	Cola	Greengate	53.26	1.08	-98.0%
13	Cola	Saluda Hydro – LX	34.82	0.90	-97.4%
14	Sou	Grays Hill	67.67	2.11	-96.9%
5	Cola	01022 Kilbourne Pk 115/23 & 8	97.44	4.33	-95.6%
10	LowC	Walt:Forest Hills	350.22	27.15	-92.2%
15	Sou	Grays Hill	101.96	19.40	-81.0%
24	Sou	Estill Southside	51.50	9.99	-80.6%
17	LowC	Walterboro 115-23 Kv	44.02	10.58	-76.0%
22	LowC	Holly Hill	58.05	14.04	-75.8%
27	Sou	Bluffton	194.70	103.29	-46.9%
12	Sou	Beaufort Central	4.28	2.32	-45.8%

20	Chas	Northbridge	18.89	10.50	-44.4%
2	Chas	Riverland Terrace	0.00	0.00	0.0%
23	Chas	Deer Park	0.00	0.00	0.0%
25	Chas	Edisto Island	0.00	0.00	0.0%
21	LowC	Harleyville	25.92	26.72	3.1%
28	Chas	Deer Park	0.10	0.26	61.1%
8	Cola	Richland Mall	0.00	1.18	100.0%
19	Cola	Parr	51.83	143.45	176.8%

2008 vs. 2009 SAIDI (Tree Related Events)



VII. Storm Damage Reserve Fund Balance at June 30, 2009

As of June 30, 2009, the balance in SCE&G's storm damage reserve fund was \$49,689,333.

VIII. Amount Withdrawn From Storm Damage Reserve Fund for Tree Trimming and Vegetation Management as of June 30, 2009

Through June 30, 2009, SCE&G had withdrawn \$1,953,239 related to its tree trimming and vegetation management program from its storm damage reserve fund. SCE&G expects to withdraw an additional \$7,046,761 by December 31, 2009.

IX. Conclusion

Vegetation management is one of the many critical components required to ensure that SCE&G provides safe and reliable electric service to its customers. As demonstrated above, SCE&G's vegetation management plan is contributing to the improved reliability of the Company's system and increasing the system's tolerance to weather related events which is beneficial to SCE&G and its customers. As required by the Order, the Company will update the information contained within this report no later than December 1, 2009.